

**USAID/Rwanda**

**Annual Report**

**FY 2005**

June 16, 2005

**Please Note:**

The attached RESULTS INFORMATION is from the FY 2005 Annual Report and was assembled and analyzed by the country or USAID operating unit identified on the cover page.

The Annual Report is a "pre-decisional" USAID document and does not reflect results stemming from formal USAID review(s) of this document.

Related document information can be obtained from:  
USAID Development Experience Clearinghouse  
8403 Colesville Road, Suite 210  
Silver Spring, MD 20910  
Telephone: (301) 562-0641  
Fax: (301) 588-7787  
Email: [docorder@dec.cdie.org](mailto:docorder@dec.cdie.org)  
Internet: <http://www.dec.org>

Portions released on or after July 1, 2005

## Rwanda

### Performance:

**Background:** Rwanda is a country with limited terrain (26,338 km<sup>2</sup>) and a population of 8.2 million that gives it the highest population density in Africa. Ten years after the genocide that devastated the country and left nearly one million people dead, major milestones on the road to recovery are in place. Rwanda is a relatively safe country in a turbulent neighborhood that must constantly weigh its need for internal and external security against the gradual democratization and decentralization that the country requires to promote economic growth. With a population growth rate of 2.9% and 329 persons per square kilometer, the land reform law currently in Parliament is long overdue. Careful attention to the implementation of the law can help forestall possible internal conflict over this scarce resource.

**Regional Affairs:** The Government of Rwanda (GOR) plays an active role in the Great Lakes Region and Africa in general. While there is some concern with Rwanda's recent actions to assure internal security through its involvement in the eastern Democratic Republic of the Congo (DRC), Rwanda has by and large actively participated in and is committed to working with its regional partners to assure long term peace and stability in the Great Lakes Region. In October 2004, the GOR signed a Tripartite Agreement with the DRC and Uganda to improve regional security through a joint verification mechanism. Recently, President Paul Kagame participated with other heads of state at the Great Lakes Conference in Tanzania leading to an agreement to work together on regional peace and stability. Along with three other countries, Rwanda volunteered to participate in the New Partnership for Africa's Development's (NEPAD) peer review process in which other experts from African countries will assess Rwanda's progress on governance. Rwanda recently sent 392 peacekeeping troops to Darfur for the African Union. The US military provided airlift to help Rwandans meet this commitment.

**Governance:** One year after the end of the transition period and the presidential and parliamentary elections, there is strong progress and political will to decentralize government services to the local level. At the same time, the GOR is downsizing its public sector dramatically. It recently laid off 1,500 civil servants, as stipulated in debt relief requirements under the Heavily Indebted Poor Country Initiative (HIPC). The GOR's commitment to private sector led economic growth is demonstrated by its investment and export promotion policies and privatization program. The GOR, on the other hand, legitimately weighs its internal security concerns and the fear of a return of ethnic based violence, and has continued to restrict the freedom of expression of political parties and the media. The murder of genocide witnesses has added to those fears. The adjudication exercise to liquidate the staggering 100,000 plus case backlog of 1994 genocide crimes is making slow progress. Enormous citizen expectations ride on this process and pose a challenge to the GOR's attempts to punish those responsible for the genocide and foster national reconciliation. A land reform law currently in Parliament will bring both political and economic benefits to Rwanda where 55% of farms are less than one half hectare in size. Implementation of the new law could lead to conflict if not implemented carefully.

**Health & HIV/AIDS:** Rwanda ranks 159 out of 177 states on the UNDP's list of basic human development indicators. HIV/AIDS prevalence at 5.1% indicates an entrenched epidemic. Malaria is still the number one killer in children under 5 followed by diarrhea and respiratory infections. Infant and child mortality is 107 per thousand and one child in five does not live to five years. Maternal mortality is one of the highest in Africa, due in part to high fertility rates (5.8 children per family). Rwanda is a focus country under the President's Emergency Plan for AIDS Relief (PEPFAR) and began full implementation of this program in 2004. With new resources USAID expanded access to lifesaving drugs, prevented the HIV infection of children whose mothers are HIV positive, and provided counseling and testing on HIV in over 48 health facilities to over 80,000 people. USAID expanded care for orphans and vulnerable children and abstinence programs. In concert with other USG agencies implementing this initiative, USAID is

addressing the HIV crisis by improving national systems for prevention, treatment and care.

**Economic performance:** Poor rainfall in 2004 has had the anticipated effect of lowering agricultural production, reducing crop exports and leading to major increases in food imports. Even with poor rainfall, in 2004 the coffee sector made progress with important price and production gains in the higher priced fully washed coffee where USAID is assisting producers. Total exports increased by 52% over last year due largely to an increase in coffee and mineral exports. However, the fiscal deficit (without grants, 14.8% of GDP) remains high despite increases in revenue collection. The GOR is highly reliant on assistance, with 32% of the budget funded by grants and 10% by loans. The service sector grew at nearly 10% in 2004. Agriculture produces 44% of GDP and was flat, with 0.2% growth. The World Bank recently signed a combined credit and grant package of \$65 million for poverty reduction support signaling increased international confidence in medium term economic prospects and GOR measures to resume growth in the economy. Rwanda realized \$22.9 million in debt forgiveness under HIPC in 2003. With continued satisfactory macroeconomic performance, it is expected that Rwanda will reach its HIPC Completion Point in February 2004.

**Human Capacity:** In its Vision 2020 strategy document, the GOR lays out a plan to reduce agriculture's share of employment from 90% to 50% by 2020. Moving employment to transportation, information and market sectors requires a huge human resource investment in education and training. This transformation seeks to take advantage of Rwanda's geographic position as a north-south, east-west crossroads in Africa. Information technology is seen as a major factor in helping Rwanda position itself to participate economically in the region. Both the GOR and the private sector lost large numbers of trained people during the genocide, and rebuilding this capacity will take time. Low levels of education also result in large numbers of unskilled people. Adult literacy is only 69%, the average adult has less than two years of schooling, and only 53% of children are enrolled in school. HIV/AIDS contributes to the short life expectancy, down to 39 years, and also poses a threat to the availability of trained human resources. While the large increase in funding for HIV/AIDS is welcome, there are too few nurses and doctors in the country to administer the lifesaving drugs and provide other needed health services. Training enough doctors and nurses to deal with the pandemic remains a concern. Due to a burgeoning youth population, the demobilization of soldiers, and the release of prisoners, those seeking gainful employment will greatly outnumber the jobs available.

**U.S. Interests and Goals:** Rwanda is a relatively stable country in an unstable region. Upcoming elections in Burundi and the Democratic Republic of the Congo are sure to challenge regional equilibrium. With its internal stability and strong military, Rwanda is a key ally of the U.S., needed to promote peace and regional stability in the Great Lakes Region. U.S. goals are to ensure that Rwanda honors its regional agreements externally and promotes democracy and human rights internally. USAID is addressing democratization through its democracy and governance program which focuses on democratic local government and decentralization, promoting democratic national governance with the Parliament, supporting civil society and improving community based reconciliation efforts. Decentralization is a key focus of all the U.S. programs including anti-corruption, health service delivery, export promotion and education. The U.S. can decrease the risk of conflict by helping Rwanda create a sound economic future for its people. USAID's rural economic growth program is helping to advance economic prosperity and increase rural incomes. It also promotes value added agricultural products and helps to diversify Rwanda's export products under the African Growth and Opportunity Act (AGOA). However, the first U.S. priority is fighting HIV/AIDS in Rwanda. With an HIV prevalence rate of 5.1%, HIV/AIDS remains an entrenched epidemic that could seriously undermine any social and economic progress.

**Donor Relations:** The GOR and UNDP jointly chair the donor coordination process in Rwanda which is organized into sector cluster groups. USAID is the donor chair for the Private Sector and HIV/AIDS clusters and plays an active role in the Health, Decentralization, and Governance clusters. The United Kingdom (U.K.) and Belgium are Rwanda's first and second largest bilateral partners followed by the Netherlands and the U.S. New resources for HIV/AIDS are increasing U.S. prominence and influence within the donor community.

The GOR strongly advocates budget support and organizes donors into budget support and program support donors. The budget support donors include the U.K., Belgium, Sweden, European Union (EU), the World Bank, the African Development Bank (AfDB) and the IMF. USAID leads the program support donors in terms of resources. The Ministry of Finance and Economic Planning is an active and engaged partner in all donor coordination groups. USAID seeks out collaborative implementation arrangements with other donors to reduce transaction costs and increase impact of funds. As the lead donor, USAID works closely with the World Bank and the Global Fund for HIV/AIDS, Malaria and Tuberculosis on HIV/AIDS. In decentralization, USAID works with Switzerland, the U.K. and Belgium on judicial reform and conflict management. Belgium is the lead on non-HIV Health and gets strong policy support from USAID in that cluster. For rural economic growth and agriculture, USAID coordinates closely with the EU, the World Bank and the U.K. The U.K. is the lead agency for education and macro-economic technical assistance, Canada supports gender initiatives and Germany supports environmental programs.

Challenges: Rwanda has made significant progress in promoting internal security, private sector growth and promoting a unified national response to HIV/AIDS but it still faces formidable challenges both internally and externally. Regionally, Rwanda's neighbors, Burundi and the DRC, remain unstable and scare off potential investors to Rwanda. Regional instability contributes to 42,588 refugees in Rwanda of which Congolese make up 95%. Rwanda's commitment to market and trade liberalization was confirmed by its membership in the Common Market of Eastern and Southern Africa (COMESA) early this year, yet growth in value added exports is still needed to reduce overall poverty. Energy shortages this year have slowed economic growth and remain a challenge that the GOR is trying to address through the national energy policy.

The GOR personnel downsizing combined with limited human capacity will present major challenges to government service delivery, especially in the health sector where increases in resources to deal with HIV/AIDS will require many more skilled managerial and health professionals than are currently available. Current estimates find 612,000 people food insecure in Rwanda, who will need 30,000 metric tons of food assistance for the next three months. While these estimates may be conservative, the GOR has not yet reacted by issuing a request for emergency food assistance. Inflation was 12% in 2004 and food prices increased even more severely (vegetables 42% and bread 27%). Currently, rainfall is only 66% of last year's. The food insecurity will not change until the next harvest in 2005.

Other Programs: Non-emergency P.L. 480 Title II programs are directly linked to USAID's rural economic growth program, contributing to employment, introduction of improved agricultural technologies, agribusiness development, incomes and food security. Food aid partners promoted soil and water conservation through terracing steep slopes, land reclamation in the wetlands and improved agricultural practices in targeted areas through farmers' organizations. USAID supports efforts to improve agricultural productivity and increase food security. USAID's centrally-funded Famine Early Warning System provides timely information on the location and needs of vulnerable populations, which can change with the onset of droughts, floods, earthquakes and volcanic eruptions.

Key Achievements: The USAID program in Rwanda progressed well in FY 2004. USAID built on lessons learned and continued constructive engagement on policy issues. With USAID assistance, Rwanda made significant gains in decentralization policies, the legislative process, and expansion of HIV/AIDS services. This effectiveness is due in large measure to the respect and confidence shared by GOR and USAID officials. USAID has a well-earned reputation as a reliable partner willing to approach delicate issues with frankness and positivism. The challenge in the coming years will be to implement new policies given the GOR's resource constraints.

Democracy and Governance: With USAID assistance, Parliament has accepted the importance of citizen participation in its deliberations, opening committee meetings of both the Chamber of Deputies and the Senate to the public. Parliament incorporated input from citizens on the proposed land bill. The number of formal executive oversight sessions in the Chamber of Deputies increased by 50% over a comparable period in 2003.

USAID's work on fiscal decentralization led to the development of two systems manuals covering budget

and treasury. These manuals are being used in at least 85% of the districts of the country, up from 75% last year. Using these manuals, districts are producing new accounting reports on a consistent basis. USAID also supported the establishment of the Local Government Finance Unit (LGFU) within the Ministry of Local Government. The LGFU serves as a monitoring and coordination office for the national fiscal decentralization program. With the greater accountability promoted by USAID, other donors are using USAID-funded manuals to expand their support for decentralization. A national voter database connecting the headquarters and provincial offices was established and 4.1 million fraud-free voter cards were produced.

Using a training of trainers approach going down from the national level to the district, sector and cell levels, 551 Gacaca (traditional mediation) judges were trained in sexual and gender based violence issues. 21,630 Gacaca judges at the sector level also received human rights promotion/protections training. Of those genocide survivors who participated in the campaign on sexual and gender-based violence, 88.5% are now ready, motivated and willing to provide their testimonies to the Gacaca courts.

USAID supported civic education by training 1,032 trainers who in turn trained thousands more in civic education workshops that took place in 59 of 106 districts nationwide. To foster reconciliation, USAID trained 1,655 people using a neighbor-to-neighbor approach and produced radio programs to promote trauma healing and reconciliation in Rwanda.

**Health:** Investments of USAID funds achieved significant increases in contraceptive prevalence, assisted deliveries, access to health care through insurance schemes, increases in immunization rates, access to insecticide treated bednets (ITNs) and HIV/AIDS prevention and treatment. USAID successfully assisted Rwanda in advancing its health policy of decentralization, identifying the health district as the cornerstone of the health system.

In safe motherhood, USAID funding supported the development of national maternal health norms and standards, protocol, and guidelines. The number of community-managed pre-paid health insurance schemes (mutuelles) in the five USAID focus districts grew from 54 to 90 and overall membership is over 386,359. Through USAID's support for the establishment of a School of Public Health (SPH) at the National University of Rwanda, 16 of 39 health districts had one or more members of the district health team enrolled in the SPH's Executive Master of Public Health program. In child survival, USAID focused on reducing maternal and child morbidity and mortality by training community health workers to strengthen the link between health facility staff and community health workers, leading to a 9% increase in one year for health facility usage. Contraceptive prevalence rates of family planning services, which were less than 1.5% in 2001 in all 7 USAID-assisted districts, reached levels as high as 12.6% in 2004.

**HIV/AIDS:** With USAID support, a total 48 clinical facilities are providing a combination of services, 28 provide voluntary counseling and testing (VCT) services to over 80,000 people, 34 facilities provide prevention of mother to child transmission (PMTCT) and 12 sites are providing anti-retroviral therapy (ART). The USAID-assisted ART sites provided treatment to over 1,000 patients in 2004, as compared to fewer than 100 in the entire country in 2003. The head of the Office of the Global AIDS Coordinator, Ambassador Tobias, recently cited Rwanda as a country with the very desirable single national plan, single coordination authority and single monitoring system. He complimented the head of the Rwandan AIDS commission for her excellent work coordinating this program for the country.

**Rural Economic Growth:** Export-oriented activities for the SO remained focused in specialty coffee, horticultural production, and processing technologies. Other promising sub-sectors such as chili peppers and dried fruits also made progress. 78 USAID-assisted enterprises reported a turn-over that went from approximately \$2 million in 2003 to \$4 million in 2004. Improved processing technologies including coffee washing, solar drying, and transformation equipment added significant value to select products. Results show a 91% increase in prices received for Rwandan coffee, a 63% increase in fruit juice price, a 200% increase in passion fruit price and a 200% increase in pyrethrum price. Through investments in the dairy sector, USAID helped to raise employment and rural incomes through the distribution of cows and the sale of milk.

USAID continued to enhance the technical and institutional capacity of Rwanda's leading credit union, the Union des Banques Populaires (UBPR). The gross loan volume increased by nearly \$4 million over this past year. Membership in USAID-assisted microfinance institutions increased significantly from 1,161 in 2003 to 18,212 in 2004 and 65% of the MFI members are women. In an effort to increase credit in the underserved agricultural sector, USAID instituted a loan portfolio guarantee agreement with Banque de Kigali, the leading commercial bank in Rwanda, which will lead to up to \$2 million in extra credit for the agricultural sector.

Gender: Integration of gender is evident in every program component and impressive results are to be seen within USAID's program. Women are participating in record numbers in town hall meetings and joining civil society organizations that are changing district government priorities. 88.5% of genocide survivors who participated in USAID-funded training are ready to testify about sexual and gender-based violence. 1,500 girls benefited from the President's African Education Initiative scholarship program in 2004. An impressive number of women use microfinance to increase incomes for their families. Health and HIV programs have clearly defined targets to assist women and are getting good results. Across the USAID program, careful measurement of women's participation is an integral part of performance and gender analysis is an important aspect of program decision-making.

For more information, please go to the following web address: <<http://www.usaid-rwanda.rw>>

## Results Framework

### **696-001 Increased rule of law and transparency in governance**

- 1.1 Justice rendered more effectively
- 1.2 Increased security of property and persons
- 1.3 Increased accountability at all levels of government
- 1.4 Civil society strengthened

### **696-002 Increased use of sustainable health services in target areas**

#### **SO Level Indicator(s):**

- Condom use at last risky sex
- District with VCT centers
- HIV seroprevalence rate for women (15-24 years)

- 2.1 Increased availability of decentralized, quality primary health care and STI/HIV services in targeted regions
- 2.2 Improved knowledge and perceptions related to reproductive health, emphasizing STI/HIV, in targeted areas
- 2.3 Enhanced sustainability of Primary Health Care services through improved financial accountability and improved health care financing
- 2.4 Increased Government of Rwanda capacity to provide basic social sector support

### **696-003 Increased ability of rural families in targeted communities to improve household food security**

#### **SO Level Indicator(s):**

- Total income of USAID-assisted producer associations, cooperatives and agribusiness firms
- 3.1 Enhanced ability of farmers to produce and market targeted crops
- 3.2 Expanded agribusinesses
- 3.3 Improved policy framework for food security

### **696-004 Multilateral debt relief trust fund**

### **696-005 Improved governance through increased citizen participation**

#### **SO Level Indicator(s):**

- Percentage of citizens engaged in government increased at all levels
- Percentage of citizens expressing confidence in government processes
- 5.1 Reinforced capacity for implementation of decentralized policy in target districts
- 5.2 Increased government responsiveness to citizen groups at the national level
- 5.3 Enhanced opportunities for reconciliation

### **696-006 Increased use of community health services including HIV/AIDS**

#### **SO Level Indicator(s):**

- Contraceptive prevalence rates in target districts
- Percentage of children with DPT 3 immunization in target districts
- Total number of HIV/AIDS clients reached with care and support
- 6.1 Reinforced capacity for implementation of decentralization policy in target districts
- 6.2 Increased access to selected essential health commodities and community health services
- 6.3 Improved quality of community health services
- 6.4 Improved community level response to health issues (HIV/AIDS/Family planning/Child Survival/Malaria)

### **696-007 Expanded economic opportunities in rural areas**

#### **SO Level Indicator(s):**

- Number of entities dealing in new products and services
- Volume of products marketed by assisted enterprises (specialty coffee, chili peppers, pyrethrum)
- 7.1 Expanded adoption of improved agricultural and business practices



- 7.2 Rural finance more accessible
- 7.3 Rural infrastructure improved